

UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON 25, D. C.

CLAIMS DIVISION

IN REPLY PLEASE QUOTE

PA-Z-1685802(1)-AAN-7

1957

The Comptroller General

Herewith is the claim of The Retirement Fund of Medical Corps, Athens, Greece, in the sum of 630.00 Greek Drachmae (\$21.00), for payment of the United States Information Agency's share of fire insurance premium for calendar year 1955 on the Government-leased U.S.I.S. library premises, located at No. 29 Stadium Street (formerly Churchill Street), Athens, Greece.

Paragraph 5 of the original lease under which the premises are occupied, contract No. S-23 fa-25, dated July 1, 1948 (now IA-23-25), provides that the lessor accepts full and sole responsibility for the payment of all taxes and any other charges of a public nature which are or may be assessed against the property of which the premises covered by the lease form a part. The amendments to the contract evidence increase of rent in accordance with the provisions of the Greek Rent Control Law.

By memorandum of June 18, 1954, the American Embassy, Athens, Greece, referred the claim to the Department of State for a ruling as to the propriety of payment of the subject claim and indicated that similar claims might be presented. In reply thereto, the Department of State advised that the contract and Amendment No. 2, were examined with the cooperation of the State Site Audit Group of our Office, and it was concluded that both documents were silent as to fire insurance being payable as a part of rent, as well as other items which the lessee could be called upon to pay under the rent control law in addition to rent.

The file contains a memorandum from the American Embassy, Athens, to the U.S.I.A., Washington, D. C., dated July 14, 1956, advising that, in its opinion, the contract evidenced by the Memorandum of Agreement of April 11, 1955, was inevitably drawn with intent to comply fully with the Greek Rent Control Law, and had it been intended that the lessor would be liable for full payment of fire insurance premiums, contrary to the law, the Joint Administrative Services would unquestionably have expressly provided in the contract that these payments would be made by the lessor in part consideration of the stipulated contract price. The memorandum states that the Greek Rent Control Law, which has been in effect since August 5, 1947, first required tenants to pay a share of the fire insurance premium on August 31, 1952. It

also states that under the provisions of the Rent Moratorium of February 28, 1955, the rental on the property would be adjusted as of August 31, 1956, at which time negotiations would be carried on with the owner to extend the contract to place upon the United States Government express responsibility for complying with the Rent Control Law.

By letter of May 8, 1957, the United States Information Agency advised that the lease is still in force on a month-to-month basis under the Rent Control Law. The Agency quotes Article 32, paragraph 1 of the Decree dated February 28, 1955, as amended, known as the Rent Control Law, as follows:

"In respect of extended leases, the cost of water which is used, the municipality garbage collection fees, half the fire insurance premiums if an insurance has been contracted by the owner of the real estate-the expenses for maintenance and operation of sewers and cesspools, the contribution paid to the municipality for the operation of sewers, and the expenses for central heating and operating of the lift, are defrayed by the lessee alone, as well as the withholding or contributions levied by virtue of any law in favor of Funds (Pension and Assistance) or insurance organizations in general, even if the locator is lawfully bound to defray such expenses."

The Agency has been advised that the Embassy Contracting Officer who signed the Agreement is not available for a statement as to whether it was intended that fire insurance premiums be paid by the United States Government. The claim is administratively approved, in view of the provisions of the Rent Control Law.

Generally the rights and liabilities of parties to a lease are governed by the laws of the place where the premises are located and the lease was executed. See 51 C.J.S., Landlord and Tenant, 235, 231. Since the lease was executed and the property involved is in a foreign country the sovereign immunity of the United States does not extend in this case and, therefore, it is believed that the claim is for allowance under the laws of the Kingdom of Greece. B-120286, July 12, 1954; B-119345, July 9, 1954, and B-55649, February 19, 1946. However, in view of paragraph 5 of the contract, supra, and the possibility of similar claims on other Government leased properties, the matter is submitted for your consideration and instructions.

R. L. GAYLOR

Chief, Payment Claims Branch

Enclosure

Contract S-23 fa-25  
(now IA-23-25)

B-132152-O.M.

FILE COPY - COMP. GEN.  
Indorsed

June 13, 1957

Director, Claims Division

Returned. Since the record indicates that the Greek Rent Control Law was in effect at the time the lease was executed, and since Article 32, paragraph 1, of the Decree of February 28, 1955, as amended, concerning extended leases, in effect, obligates lessees for half of the insurance premiums, even if the lessor is bound to pay such costs, there are for application here the principles announced in 29 Comp. Gen. 180 and B-120286, July 12, 1954. Accordingly, allowance of the claim is authorized notwithstanding the provisions of paragraph 5 of the contract. The Department of State has urgently requested that our action be expedited.

FRANK H. WEITZEL

Assistant Comptroller General  
of the United States

Attachments